

**Methods and Standards for Establishing Payment Rates for Inpatient Hospital Care**

**34. Inpatient Hospital Services Reimbursement to Indian Health Service and Tribal 638 Health Facilities**

Medicaid reimbursement for inpatient hospital care provided by Indian Health Service and Tribal 638 providers is based on payment according to diagnosis-related groups (DRG). These rates are rebased and the DRG weights are recalibrated once every three years.

Reimbursement for the provision of care to Iowa Medicaid patients will be equal to either:

- A. The Iowa statewide average cost per discharge plus the Iowa statewide average capital cost add-on in effect at time of the patient's discharge multiplied by the DRG weight; or
- B. Blended base and capital rates calculated by using 80% of the hospital's submitted capital costs.

Hospitals choosing Option B must submit a form CMS 2552, Hospital and Healthcare Complex Cost Report or a CMS-accepted substitute, using data for Iowa Medicaid patient only. This should be the hospital's most recent fiscal-year end cost report and should be received no later than May 31 in a rebasing year. Hospitals that elect to submit cost reports will receive a case-mix adjusted blended base rate using hospital-specific Iowa-only Medicaid data and the Iowa statewide average cost per discharge amount. Capital costs will be reimbursed using the blended capital rate if choosing Option B.

State Plan TN #	<u>MS-09-017</u>	Effective	<u>01/01/2009</u>
Supersedes TN #	<u>None</u>	Approved	<u>FEB 18 2010</u>

**OS Notification**

**State/Title/Plan Number:** Iowa 09-017

**Type of Action:** SPA Approval

**Required Date for State Notification:** February 18, 2009

**Fiscal Impact:** FY 2010 \$-0-  
FY 2011 \$-0-

**Number of Services Provided by Enhanced Coverage, Benefits or Retained Enrollment:** 0

**Number of Potential Newly Eligible People:** 0

**Eligibility Simplification:** No

**Provider Payment Increase:** No

**Delivery System Innovation:** No

**Number of People Losing Medicaid Eligibility:** No

**Reduces Benefits:** No

**Detail:** Effective October 1, 2009, this amendment (SPA) adds clarifying language to the Medicaid State plan regarding the reimbursement methodology for inpatient hospital services provided to Indian Health Service and Tribal 638 providers.

**Other Considerations:**

**This plan amendment has not generated significant outside interest and we do not recommend the Secretary contact the governor.**

**This OSN has been reviewed in the context of the ARRA and approval of the OSN is not in violation of ARRA provisions.**

**CMS**

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